



Economic Impact Analysis Virginia Department of Planning and Budget

23 VAC 10-75 – Virginia Soybean Excise Tax Regulations
Department of Taxation
August 15, 2006

Summary of the Proposed Amendments to Regulation

The Department of Taxation (department) proposes to repeal Section 10 (Handler defined; handler to deduct assessment from payment to farmer; report and payment by handler) of these regulations.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Section 10 of these regulations specifies that “The Virginia soybean excise tax is imposed upon all soybeans produced in this state at the rate of one cent per bushel.” This is currently inaccurate. Pursuant to the 1992 Acts of the Assembly, Section § 3.1-684.14 of the Code specifies that the tax rate is two cents per bushel. When there is a conflict between the Code of Virginia and regulations, the Code of Virginia applies. Thus, eliminating this regulation section will not change applicable tax rates. The repeal will be beneficial nonetheless since the current contradictory information is misleading.

Additionally, Section 10 repeats other aspects of Code Section § 3.1-684.14, such as specifying that handlers are required to deduct the tax from purchase payments made to farmers and to remit such tax collections to the department. Since this information is specified in the Code, repealing it from the regulations will have no impact.

Businesses and Entities Affected

The proposed repeal of these regulations will not significantly affect businesses and entities.

Localities Particularly Affected

No localities are particularly affected.

Projected Impact on Employment

The proposed repeal of these regulations will not affect employment.

Effects on the Use and Value of Private Property

The proposed repeal of these regulations will not significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed repeal of these regulations will not significantly affect small businesses.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed repeal of these regulations will not significantly affect small businesses.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 21 (02). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a

statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.